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September 5, 1996

William F. Caton, Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

**RECEIVED**

**SEP 5 1996**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

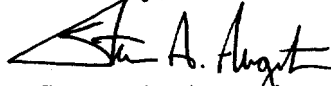
Re: CC Docket No. 96-128  
Pay Telephone Reclassification and Compensation

Dear Mr. Caton:

On behalf of the Competitive Telecommunications Association ("CompTel"), please take notice that today, Jim Smith and Genevieve Morelli of CompTel and I met with John Muleta and Bob Spangler of the FCC's Common Carrier Bureau. The discussion concerned CompTel's comments in the above-referenced docket, as summarized in the attached materials.

In accordance with Section 1.1206 of the Commission's rules, an original and one copy of this notice and attachments are provided for inclusion in the public record.

Sincerely,

  
Steven A. Augustino

Enclosure

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# **PAYPHONE COMPENSATION**

- **TO ENSURE PSPS ARE FAIRLY COMPENSATED FOR COMPLETED CALLS, THE COMMISSION MUST ADDRESS THREE BASIC ISSUES:**
  - 1. What Calls Require A FCC-Prescribed Mechanism To Ensure Fair Compensation?**
  - 2. For Calls Subject To The Compensation Mechanism, What Level Compensation Should Be Paid?**
  - 3. How Should Compensation Be Administered?**

# **WHAT CALLS SHOULD BE COMPENSATED?**

- **IF THE PSP ALREADY RECEIVES FAIR COMPENSATION FOR A CALL, FCC-PRESCRIBED COMPENSATION IS NOT NECESSARY**

**0+ Commissions.**

**1+ Sent-Paid Traffic.**

**Commissionable Access Code Calls (e.g. Use Of Dialers Rather Than Presubscription).**

**IntraLATA 0+ Calls May Also Be Excluded If The Commission Promptly Mandates IntraLATA Presubscription (See Section 276(b)(1)(E)).  
Otherwise, The LEC Must Pay Compensation On IntraLATA 0+ Calls.**

# **WHAT CALLS SHOULD BE COMPENSATED? (Con't)**

- **FCC MUST LIMIT COMPENSATION TO COMPLETED CALLS**

**Debit Card And Access Code Calls Are Not Completed Until The Called Party Answers.**

**Short Duration Calls Cannot Be Assumed To Have Been Completed.**

**Compensation Should Not Be Required For Calls To Locations Where Answer Supervision Is Not Available.**

**Strict Rules On Completed Calls Will Help Reduce Fraudulent Attempts To Increase Compensable Call Volumes.**

- **COMPENSATION MECHANISM SHOULD NOT APPLY TO INTERNATIONAL CALLS**

**Exparte Presentation**

**The Competitive Telecommunications Association  
CC Docket 96-128, September 5, 1996**

# **LEVEL OF COMPENSATION**

- **COMPENSATION AT MARGINAL COSTS FAIRLY COMPENSATES PSPS**

**Cost-Based Compensation Is Consistent With The Statute And Commission Precedent.**

**The Commission Already Has Endorsed Marginal Costs As Appropriate For Judging Local Coin And 0+ Revenues.**

- **SO-CALLED "MARKET-BASED" STANDARDS ARE INAPPROPRIATE**

**There Is No Market For Non-Presubscribed Calls.**

**Non-Presubscribed Carriers Do Not Receive The Same Benefit The Presubscribed Carrier Receives.**

**TOCSIA Denies PSPs The Ability To Extract "Market-Based" Prices For Dial-Around Calls.**

**Market-Based Pricing Will Undermine The Commission's Attempts In Docket 92-77 To Bring OSP Rates Under Control.**

## **LEVEL OF COMPENSATION (Con't)**

- **THE COMPENSATION AMOUNT SHOULD BE SUBSTANTIALLY LESS THAN THE IMPUTED AMOUNT CURRENTLY USED FOR PER-PHONE COMPENSATION**

**Since No Coin Calls Will Be Subject To The Compensation Scheme, Costs Of Handling Coin Traffic Should Be Excluded.**

**Basic Payphone Line Costs Already Are Recovered By Access Charges.**

**Hatfield Study Is The Only Verifiable Evidence Of PSP Costs In The Record. Compensation Should Be No Greater Than 8.3 Cents/Call.**



# COMPENSATION MECHANISM

- **MOST CARRIERS CANNOT TRACK COMPENSABLE CALLS FROM PAYPHONES WITHOUT EXORBITANT EXPENSES**

**Originating ANI And Associated Identifier Digits Are Not Captured For Debit Card Calls, Calls Using Postalized Rates.**

**Many OSPs Bill Calls By Originating Wire Center, Not ANI.**

**Subscriber 800 Calls Are Particularly Difficult To Track.**

**Significant Expense Would Be Involved To Capture, Store And Process The Necessary Information**

**Significant Expense Would Be Involved To Analyze All Calls For Billing, To Generate Statements And To Process Checks For Thousands Of PSPs.**

- **COMPENSATION SHOULD BE ADMINISTERED BY THE ACCESS PROVIDER FOR THE PAYPHONE**

**Most Efficient Mechanism For Tracking Calls. Avoids The Need For IXC's To Develop Duplicative Tracking Systems.**

**No New Billing Relationships Are Necessary.**

**Consistent With Customary Billing Procedures. PSP, Not The Carrier, Pays The Cost Of Tracking And Billing.**

**Access Provider Has Information On Every Call.**

**Access Provider Already Identifies The Carrier For Routing Purposes.**

- **IF CARRIERS ARE REQUIRED TO TRACK COMPENSABLE CALLS, THE FCC SHOULD EXCLUDE CARRIERS WITH LESS THAN \$100 MILLION IN GROSS REVENUES**

**Compensation Would Be De Minimis.**

**Significant Burden Outweighs The Benefit Of Compensation.**

**Per Phone Surrogates Are Inaccurate And Administratively Burdensome.**